



STATE BOARD OF EQUALIZATION

December 27, 1951

Gentlemen:

This is a tardy reply to your letter of July 27 which was inadvertently filed without being answered.

The general application of the sales tax with respect to motion pictures is set forth in Sales and Use Tax Ruling 19, copy enclosed. This, however, does not appear applicable with respect to the types of pictures described in your letter. A producer, within the meaning of Ruling 19, is one who makes a production which, for purposes of the ruling, we define as follows: "A motion picture 'production' is a motion picture prepared for showing on screens or through television and may either be theatrical, or for commercial, advertising, or educational purposes, and includes all prints made of such production. It must be complete in itself, involving continuity, direction, story, or the explanation of an idea or process, as distinguished from 'trailers', 'stock shots', or other pictures constituting a portion only of a complete production."

It appears to us that the motion pictures made under the situations described in your letter are not productions, in which case the total charge to the customer is subject to the sales tax. It is possible, however, that additional factors may be present permitting a different conclusion if you wish to amplify your letter, furnishing copies of any contracts for the making of the pictures in question and any other pertinent data we shall be glad to give further consideration to the problem. We might also suggest that you consult with Mr. Lester J. Ryan of our Los Angeles District Office in regard to the matter. With reference to the last paragraph of your letter, we advise that where a picture is made and sold under conditions in which the producer is the retailer, that is, where the picture is not regarded as a "production" within the meaning of the above definition, the entire charge is subject to tax without any deduction for for costs such as editing, rental charge for equipment, film processing, prop costs, and other expenses.

Very truly yours

E. H. Stetson
Tax Counsel

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